

# State of Utah

## Continuing Disclosure Document

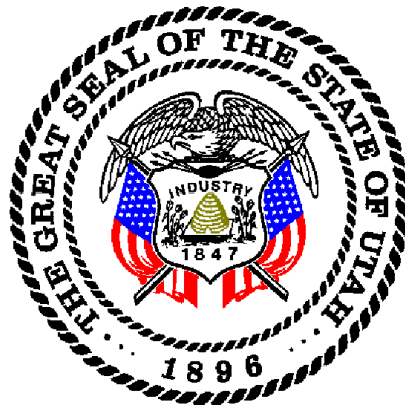
For the following bond issues:

### General Obligation

Series 1997 A-E  
Series 1997F  
Series 1998A  
Series 1999 A&C  
Series 1999E  
Series 2001A  
Series 2001B  
Series 2002A  
Series 2002B

### Lease Revenue

Series 1995A  
Series 1996A  
Series 1996B  
Series 1997A  
Series 1998 A&B  
Series 1998C  
Series 1999A  
Series 2001 A&B  
Series 2001C



Summary of Debt Structure and Financial Information  
December 31, 2002  
SEC Rule 15c2-12

State of Utah Continuing Disclosure Document  
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## DEBT STRUCTURE OF THE STATE OF UTAH

### Legal Borrowing Authority

#### Constitutional and Statutory Limitations on State Indebtedness

*Constitutional Debt Limit.* Article XIV, Section 1 of the State Constitution limits the total general obligation indebtedness of the State to an amount equal to 1.5% of the value of the total taxable property of the State, as shown by the last assessment for State purposes previous to the incurring of such debt. As of December 31, 2002, the application of this constitutional debt limit and the additional debt incurring capacity of the State under the Constitution are shown as follows:

Fair Market Value of Ad Valorem Taxable Property (1) .....	\$ 153,166,345,540
Uniform Fees in lieu of Ad Valorem Taxable Property (2) .....	10,019,393,941
Total Fair Market Value of Taxable Property (1) .....	<u>\$ 163,185,739,481</u>
Constitutional Debt Limit (1.5%) .....	\$ 2,447,786,092
Less: Current Outstanding General Obligation Debt .....	<u>(1,366,275,000)</u>
Estimated Additional Constitutional Debt Incurring Capacity of the State (3) .....	<u>\$ 1,081,511,092</u>

- (1) Based on 2001 taxable values.
- (2) Based on 2001 values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 0.015) is added to the fair market value of taxable property in the State.
- (3) The State is further limited on its issuance of general obligation indebtedness by statute. See in this section "Statutory General Obligation Debt Limit" below.

*Statutory General Obligation Debt Limit.* Title 63, Chapter 38c, Utah Code (the "State Appropriations and Tax Limitation Act"), among other things, limits the maximum general obligation borrowing ability of the State. Under the State Appropriations and Tax Limitation Act, the outstanding general obligation debt of the State at any time may not exceed 20% of the maximum allowable State budget appropriations limit as provided in that act, which limits State government appropriations based upon a formula that reflects the average of changes in personal income and the combined changes in population and inflation.

Beginning in 1997, the Legislature has amended the State Appropriations and Tax Limitation Act each year in order to provide an exemption for certain general obligation highway bonds and bond anticipation notes from the limitations imposed by the State Appropriations and Tax Limitation Act.

As of December 31, 2002, using the budget appropriations for the fiscal year beginning July 1, 2002 and ending June 30, 2003 (the "Fiscal Year Ending June 30, 2003"), the statutory general obligation debt limit under the State Appropriations and Tax Limitation Act and additional general obligation debt incurring capacity of the State under that act are as follows:

Statutory General Obligation Debt Limit (1) .....	\$ 834,637,780
Less: Currently Outstanding General Obligation Debt .....	(1,366,275,000)
Plus: Statutorily exempt General Obligation Highway Bonds .....	<u>954,325,000</u>
Remaining Statutory General Obligation Debt Incurring Capacity .....	<u>\$ 422,687,780</u>

- (1) 20% of the Fiscal Year Ending June 30, 2003 appropriation limit of \$4,173,188,900.

As additional general obligation bonds are issued and outstanding general obligation bonds are retired, the unused maximum general obligation borrowing capacity of the State under the State Appropriations and Tax Limitation Act

will fluctuate. The State Appropriations and Tax Limitation Act may be amended in the future by majority vote of both houses of the Legislature.

The calculation of the historical constitutional debt limit, the general obligation debt, the additional general obligation debt incurring capacity, and the statutory debt limit for the State for each of the fiscal years ended June 30, 1998 through 2002 is as follows:

	Fiscal Year Ended June 30 (in thousands) (1)				
	2002	2001	2000	1999	1998
Fair Market Value of Ad Valorem Taxable					
Property (2) .....	\$ 153,166,345	\$ 142,277,006	\$ 132,182,524	\$ 134,968,536	\$ 125,705,071
Fees in lieu of Ad Valorem					
Tax (3) .....	10,019,394	10,075,896	10,009,634	-	-
Fair Market Value for Debt					
Incurring Capacity .....	<u>\$ 163,185,739</u>	<u>\$ 152,352,902</u>	<u>\$ 142,192,158</u>	<u>\$ 134,968,536</u>	<u>\$ 125,705,071</u>
<b>Constitutional:</b>					
Constitutional Debt Limit					
(1.5% of Fair Market Value) ....	\$ 2,447,786	\$ 2,285,294	\$ 2,132,882	\$ 2,024,528	\$ 1,885,576
Outstanding Constitutional					
Debt .....	<u>(1,474,400)</u>	<u>(1,146,000)</u>	<u>(1,212,325)</u>	<u>(1,251,525)</u>	<u>(1,202,310)</u>
Additional Debt Incurring					
Capacity (Constitutional) .....	<u>\$ 973,386</u>	<u>\$ 1,139,294</u>	<u>\$ 920,557</u>	<u>\$ 773,003</u>	<u>\$ 683,266</u>
<b>Statutory:</b>					
Statutory General Obligation					
Debt Limit .....	\$ 835,341	\$ 759,702	\$ 734,709	\$ 705,972	\$ 650,541
Outstanding General					
Obligation Debt (4) .....	<u>(473,950)</u>	<u>(238,000)</u>	<u>(304,325)</u>	<u>(343,525)</u>	<u>(602,310)</u>
Additional General Obligation					
Debt Incurring Capacity					
(Statutory) .....	<u>\$ 361,391</u>	<u>\$ 521,702</u>	<u>\$ 430,384</u>	<u>\$ 362,447</u>	<u>\$ 48,231</u>

(1) Rounded to the nearest thousand.

(2) For the Fiscal Years Ended June 30, 1998 and 1999, these valuation figures include the value of property that was made subject to the uniform fees-in-lieu of ad valorem taxes for motor vehicles and other tangible personal property as of January 1, 1999. To reflect the fact that such property is now subject to these uniform fees (instead of ad valorem taxes), such property is excluded from total Fair Market Value or Market Value for the Fiscal Year Ended June 30, 2000, and thereafter. Moreover, actual collection of ad valorem taxes is affected by legislation that may limit the percentage of fair market value which may be used as a basis for taxation.

(3) Beginning in the Fiscal Year Ended June 30, 2000, for purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 0.015) is added to the fair market value of the taxable property in the State.

(4) Beginning in Fiscal Year Ended June 30, 1998, certain general obligation highway indebtedness is exempt from the State Appropriations and Tax Limitation Act.

See “FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters” below.

(Sources: Property Tax Division, State Tax Commission (as to Taxable Value only) and Zions Bank Public Finance.)

## Authorized General Obligation Bonds and Future General Obligation Bond Issuance

The State has approximately \$141.25 million of additional authorized and unissued general obligation bonds, the proceeds of which bonds, when issued, will be used by the UDOT and the DFCM for various construction purposes. The unissued general obligation bonds are from the following authorizations: from 2002, \$64 million for capital projects, \$21.25 million for higher education building projects, and \$50 million for highway projects and from 2000, \$6 million for transportation projects.

### Outstanding General Obligation Indebtedness

The State has issued general obligation bonds for general government buildings, higher education buildings, highways, water and wastewater facilities, flood control facilities, technology, and refunding purposes. As of the dates indicated, the State has the following principal amounts of general obligation debt outstanding:

(1) Series	Purpose	Original Amount	Final Maturity Date	Outstanding as of December 31, 2002
2002B (2).....	Refunding (Highway)	\$ 253,100,000	July 1, 2012	\$ 253,100,000
2002A .....	Various Purpose	281,200,000	July 1, 2015	281,200,000
2001B (3) .....	Various Purpose	348,000,000	July 1, 2014	348,000,000
2001A .....	Building	15,000,000	July 1, 2004	15,000,000
1999E .....	Building	38,000,000	July 1, 2004	38,000,000
1999A (2) (4) (5) .....	Highway Projects	89,500,000	July 1, 2016	75,000,000
1999C (2) (4) (6) .....	Highway Projects	89,500,000	July 1, 2012	75,000,000
1998A (7) (8) .....	Various Purpose	265,000,000	July 1, 2008 (10)	122,225,000
1997F (2) (8) .....	Highway Projects	205,000,000	July 1, 2007 (10)	78,375,000
1997A (9).....	Capital Projects	8,895,000	July 1, 2002	-
1997B (9).....	Capital Projects	11,250,000	July 1, 2002	-
1997C .....	Capital Projects	36,355,000	July 1, 2003	36,355,000
1997D .....	Computer System	8,500,000	July 1, 2003	3,645,000
1997E (2) (8) .....	Highway Projects	135,000,000	July 1, 2007 (10)	40,375,000
1996 (9).....	Capital Projects	20,000,000	July 1, 2002	-
Total General Obligation Debt .....				<u>\$ 1,366,275,000</u>

- (1) Unless otherwise indicated, the outstanding general obligation bonds of the State are currently rate “AAA” by Fitch Ratings (“Fitch”); “Aaa” by Moody’s Investors Service (“Moody’s”); and “AAA” by Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc (“S&P”), as of the last official statement dated July 17, 2002.
- (2) These bonds are exempt from statutory debt limit calculations.
- (3) As of December 31, 2002, \$334.250 million of these general obligation bonds are exempt from statutory debt limit calculations.
- (4) These bonds are issued as variable rate bonds. These bonds are rated “AAA/F1+” by Fitch; “Aaa/VMIG1” by Moody’s; and “AAA/A-1+” by S&P as of the date of the last official statement dated July 17, 2002. Certain principal portions of these bonds have been refunded by the Series 2001B General Obligation Bonds.
- (5) This bond has a \$25 million mandatory sinking fund principal payment due on July 1, 2012 and a \$50 million final principal payment due on July 1, 2016.
- (6) This bond has a \$75 million mandatory sinking fund principal payment due on July 1, 2012.
- (7) As of December 31, 2002, \$98.225 million of these bonds are exempt from statutory debt limit calculations.
- (8) Certain principal portions of these bonds were refunded by the 2002B General Obligation Bonds.
- (9) These bonds are included in this table because the final principal and interest payments occurred within the Fiscal Year Ending June 30, 2003.
- (10) Final maturity dates after portions of these bond issues were refunded by the 2002B General Obligation Bonds.

(Source: Zions Bank Public Finance.)

The following tables reflect the State's general obligation debt, as measured by population, personal income, taxable value and fair market/market value for the fiscal years shown and as of December 31, 2002.

	Fiscal Year Ended June 30				
	2002	2001	2000	1999	1998
Outstanding General					
Obligation Debt (000's) .....	\$ 1,474,400	\$ 1,146,000	\$ 1,212,325	\$ 1,251,525	\$ 1,202,310
Debt Ratios:					
Per Capita .....	\$ 632	\$ 499	\$ 540	\$ 571	\$ 561
As % of Total Personal Income ....	2.62%	2.09%	2.31%	2.55%	2.57%
As % of Taxable Value (1) .....	1.34%	1.12%	1.27%	1.38%	1.42%
As % of Fair Market/Market					
Value (1) .....	0.90%	0.75%	0.85%	0.93%	0.96%
Annual Debt Service as % of All					
Governmental Fund Expenditures..	2.66%	2.55%	2.65%	2.60%	2.32%

	Estimated
	December 31, 2002
Outstanding General Obligation Debt .....	\$1,366,275,000
Debt Ratios:	
Per Capita .....	\$586
As % of Total Personal Income .....	2.42%
As % of Taxable Value (1).....	1.24%
As % of Fair Market/Market Value (1).....	0.84%

- (1) For the Fiscal Years Ended June 30, 1998 and 1999, these figures are based on property valuations which include the value of taxable property in the State including property made subject to the uniform fees in lieu of ad valorem taxes for motor vehicles and other tangible personal property as of January 1, 1999, as discussed in "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters" below. To reflect the fact that property subject to these uniform fees is no longer subject to ad valorem taxes, such property is excluded from the property values upon which these figures are based for the Fiscal Year Ended June 30, 2000 and thereafter.

(Source: Division of Finance and Zions Bank Public Finance.)

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### Debt Service Schedule of Outstanding General Obligation Bonds (Fiscal Year) (1)

Fiscal Year Ending June 30	Series 2002B \$253,100,000		Series 2002A \$281,200,000		Series 2001B \$348,000,000		Series 2001A \$15,000,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ -	\$ 6,193,855	\$ -	\$ 8,140,628	\$ -	\$ 15,660,000	\$ -	\$ 600,000
2004	-	13,432,456	14,160,000	13,742,963	-	15,660,000	-	600,000
2005	2,035,000	13,401,931	4,850,000	13,445,687	41,425,000	14,727,938	15,000,000	300,000
2006	205,000	13,368,331	45,740,000	12,217,313	34,900,000	13,010,625	-	-
2007	160,000	13,362,856	48,075,000	9,871,937	33,250,000	11,477,250	-	-
2008	120,000	13,358,656	50,575,000	7,405,688	34,650,000	9,949,500	-	-
2009	29,455,000	12,583,663	5,525,000	6,003,187	36,125,000	8,357,063	-	-
2010	50,835,000	10,481,778	5,750,000	5,721,313	37,650,000	6,697,125	-	-
2011	53,670,000	7,710,706	6,000,000	5,427,562	39,325,000	4,965,188	-	-
2012	56,705,000	4,744,378	6,325,000	5,111,531	41,050,000	3,156,750	-	-
2013	59,915,000	1,610,216	-	4,945,500	11,550,000	1,973,250	-	-
2014	-	-	6,650,000	4,770,938	12,100,000	1,441,125	-	-
2015	-	-	29,350,000	3,825,937	25,975,000	584,438	-	-
2016	-	-	58,200,000	1,527,750	-	-	-	-
Totals	\$ 253,100,000	\$ 110,248,826	\$ 281,200,000	\$ 102,157,934	\$ 348,000,000	\$ 107,660,252	\$ 15,000,000	\$ 1,500,000

Fiscal Year Ending June 30	Series 1999E \$38,000,000		Series 1999 A, B, C, & D \$358,000,000 (2)		Series 1998A \$265,000,000		Series 1997F \$205,000,000	
	Principal	Interest	Principal (3)	Interest (4)	Principal	Interest	Principal	Interest
2003	\$ -	\$ 1,710,000	\$ -	\$ 4,875,000	\$ 30,525,000	\$ 9,007,500	\$ 13,325,000	\$ 7,090,250
2004	-	1,710,000	-	4,875,000	38,150,000	5,157,500	14,075,000	3,888,375
2005	38,000,000	855,000	-	4,875,000	14,975,000	3,829,375	14,825,000	3,128,813
2006	-	-	-	4,875,000	15,850,000	3,058,750	15,625,000	2,291,438
2007	-	-	-	4,875,000	16,775,000	2,243,125	16,475,000	1,408,688
2008	-	-	-	4,875,000	17,750,000	1,380,000	17,375,000	477,813
2009	-	-	-	4,875,000	18,725,000	468,125	-	- (r)
2010	-	-	-	4,875,000	-	- (r)	-	- (r)
2011	-	-	-	4,875,000	-	- (r)	-	- (r)
2012	-	-	-	4,875,000	-	- (r)	-	- (r)
2013	-	-	100,000,000	1,895,833	-	- (r)	-	- (r)
2014	-	-	50,000,000	135,417	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
Totals	\$ 38,000,000	\$ 4,275,000	\$ 150,000,000	\$ 50,781,250	\$ 152,750,000	\$ 25,144,375	\$ 91,700,000	\$ 18,285,377

Fiscal Year Ending June 30	Series 1997A \$8,895,000		Series 1997B \$11,250,000		Series 1997C \$36,355,000		Series 1997D \$8,500,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 8,895,000	\$ 244,613	\$ 11,250,000	\$ 309,375	\$ -	\$ 1,999,525	\$ 4,855,000	\$ 333,988
2004	-	-	-	-	36,355,000	999,763	3,645,000	100,238
2005	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
Totals	\$ 8,895,000	\$ 244,613	\$ 11,250,000	\$ 309,375	\$ 36,355,000	\$ 2,999,288	\$ 8,500,000	\$ 434,226

Continues

- (1) This table reflects the State's debt service schedule for its outstanding General Obligation Bonds for the fiscal year shown. This information is estimated based on payments (cash basis) falling due in that particular fiscal year and certain bonds which have a variable rate of interest.
- (2) Each series of bonds in the Series 1999 A, B, C, & D Bonds was originally \$89.5 million principal amount. On July 2, 2001, \$208 million of principal of this bond was refunded by the 2001B Bonds. Currently only the 1999A and 1999C Bonds are outstanding.
- (3) These anticipated principal payments are based on the State's current expectations for the redemption of the 1999A Bonds and 1999C Bonds. The 1999A Bonds have a \$25 million mandatory sinking fund principal payment due on July 1, 2012 and a \$50 million final principal payment due on July 1, 2016. The 1999C Bonds have a \$75 million mandatory sinking fund principal payment due on July 1, 2012.
- (4) The Series 1999 A and C Bonds are variable rate interest bonds. Interest has been estimated at 3.25% per annum.
- (r) Principal and interest has been refunded by the 2002B Bonds.

### Debt Service Schedule of Outstanding General Obligation Bonds (Fiscal Year) (1)--Continued

Fiscal Year Ending June 30	Series 1997E \$135,000,000		Series 1996 \$20,000,000		Totals		
					Total	Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2003 .....	\$ 8,700,000	\$ 4,391,925	\$ 20,000,000	\$ 500,000	\$ 97,550,000	\$ 61,056,659	\$ 158,606,659
2004 .....	5,425,000	2,058,500 (r1)	-	-	111,810,000	62,224,795	174,034,795
2005 .....	5,175,000	1,773,469 (r2)	-	-	136,285,000	56,337,213	192,622,213
2006 .....	9,350,000	1,380,500 (r3)	-	-	121,670,000	50,201,957	171,871,957
2007 .....	9,925,000	850,438 (r4)	-	-	124,660,000	44,089,294	168,749,294
2008 .....	10,500,000	288,750 (r5)	-	-	130,970,000	37,735,407	168,705,407
2009 .....	-	- (r)	-	-	89,830,000	32,287,038	122,117,038
2010 .....	-	- (r)	-	-	94,235,000	27,775,216	122,010,216
2011 .....	-	- (r)	-	-	98,995,000	22,978,456	121,973,456
2012 .....	-	- (r)	-	-	104,080,000	17,887,659	121,967,659
2013 .....	-	- (r)	-	-	171,465,000	10,424,799	181,889,799
2014 .....	-	-	-	-	68,750,000	6,347,480	75,097,480
2015 .....	-	-	-	-	55,325,000	4,410,375	59,735,375
2016 .....	-	-	-	-	58,200,000	1,527,750	59,727,750
Totals	<u>\$ 49,075,000</u>	<u>\$ 10,743,582</u>	<u>\$ 20,000,000</u>	<u>\$ 500,000</u>	<u>\$ 1,463,825,000</u>	<u>\$ 435,284,098</u>	<u>\$ 1,899,109,098</u>

(1) This table reflects the State's debt service schedule for its outstanding General Obligation Bonds for the fiscal year shown. This information is estimated based on payments (cash basis) falling due in that particular fiscal year and certain bonds which have a variable rate of interest.

(r) Principal and interest has been refunded by the 2002B Bonds.

(r1) \$3,750,000 of the original maturity of \$9,175,000 has been refunded by the 2002B Bonds.

(r2) \$4,500,000 of the original maturity of \$9,675,000 has been refunded by the 2002B Bonds.

(r3) \$850,000 of the original maturity of \$10,200,000 has been refunded by the 2002B Bonds.

(r4) \$850,000 of the original maturity of \$10,775,000 has been refunded by the 2002B Bonds.

(r5) \$850,000 of the original maturity of \$11,350,000 has been refunded by the 2002B Bonds.

(Source: Zions Bank Public Finance.)

The ratios of debt service expenditures to General Fund expenditures and to all governmental fund type expenditures for the last five fiscal years are shown below:

	Fiscal Year Ended June 30 (in thousands)				
	2002	2001	2000	1999	1998
General Fund					
Expenditures .....	\$ 3,412,413	\$ 3,088,090	\$ 2,902,455	\$ 2,794,536	\$ 2,591,203
Debt Service Expenditures .....	\$ 175,188	\$ 158,886	\$ 158,274	\$ 153,540	\$ 131,075
Ratio of Debt Service to General Fund Expenditures .....	5.13%	5.15%	5.45%	5.49%	5.06%
Total All Governmental Funds					
Expenditures (1) .....	\$ 6,597,787	\$ 6,233,721	\$ 5,979,692	\$ 5,900,004	\$ 5,640,948
Ratio of Debt Service Expenditures to All Governmental Fund Expenditures .....	2.66%	2.55%	2.65%	2.60%	2.32%

(1) Beginning in fiscal year 2002, all Governmental Funds include expenditures of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). The comparability of 2002 expenditure amounts and the related ratios to the 2001 and prior amounts is affected. Prior to fiscal year 2002, this summary included expenditures of the State Governmental-Type Funds which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Tobacco Permanent Endowment Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund and Debt Service Fund.

(Sources: Division of Finance and the Fiscal Year Ended June 30, 2002 Comprehensive Annual Financial Report (the "2002 CAFR").)



## Lease Obligations

The State leases office buildings and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, long-term leases are considered noncancellable for financial reporting purposes. Leases that in substance are purchases are reported as capital lease obligations in the government-wide financial statements and proprietary fund statements in the State's Comprehensive Annual Financial Report ("CAFR"). Operating leases (leases on assets not recorded on the Balance Sheet) contain various renew obligations as well as some purchase options. However, due to the nature of the leases, the related assets are not classified as capital assets. Any escalation clauses, sublease rentals and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

The total operating lease expenditures for the Fiscal Years Ended June 30, 2002 and June 30, 2001 were \$31.163 million and \$26.335 million, respectively for the primary government, and \$17.609 million and \$13.330 million, respectively for the component units.

## Revenue Bonds and Notes

### State of Utah, State Building Ownership Authority

*Establishment and Statutory Powers.* The State of Utah, State Building Ownership Authority (the Authority) was created in 1979 as body politic and corporate of the State. The Authority is empowered, among other things, to issue bonds (with the prior approval of the Legislature) to finance the acquisition and construction of facilities to be leased to State agencies and their affiliated entities. Rentals are paid out of budget appropriations for the lessee agencies, which in the aggregate are sufficient to pay the principal of and interest on the Authority's bonds and to maintain, operate and insure the facilities. Authorization to issue a State Building Ownership Authority lease revenue bond is granted by the legislature by specific legislative actions enacted during general sessions of the legislature.

The Authority is also empowered, among other things, to: (i) contract with others for needed services; and (ii) cause to be executed mortgages, trust deeds, indentures, pledge agreements, assignments, security agreements, and financing statements encumbering property acquired, or constructed by the Authority.

*Authority's Legal Borrowing Debt Capacity.* The Authority may not issue any bonds or other obligations under the State Building Ownership Act in an amount which would exceed the difference between the total outstanding indebtedness of the State and 1.5% of the fair market value of the taxable property of the State, plus certain add-back indebtedness provided by legislative directive. As of the December 31, 2002, the legal debt limit and additional debt incurring capacity of the Authority are calculated as follows:

Fair Market Value of Ad Valorem Taxable Property (1) .....	\$ 153,166,345,540
Uniform Fees in lieu of Ad Valorem Taxable Property (2) .....	10,019,393,941
Total Fair Market Value of Taxable Property (1) .....	<u>\$ 163,185,739,481</u>
1.5% Debt Limit Amount .....	\$ 2,447,786,092
Less: Current Outstanding State General Obligation Debt .....	(1,366,275,000)
Less: The Authority's Outstanding Lease Revenue Bonds .....	(359,271,478)
Plus: Statutorily exempt State General Obligation Highway Debt .....	954,325,000
Plus: Statutorily exempt Authority Lease Revenue Bonds .....	<u>5,555,000</u>
The Authority's Estimated Additional Debt Incurring Capacity .....	<u>\$ 1,682,119,614</u>

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(1) Based on 2001 taxable values.

(2) Based on 2001 taxable values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 0.015) is added to the fair market value of the taxable property in the State.

*The State's Limited Lease Rental Obligation.* The Building Ownership Act provides that, except as otherwise provided therein, bonds issued by the Authority thereunder shall be payable solely out of rentals or lease payments received by the Authority for the facilities constructed or acquired thereunder. If rentals paid by a lessee State agency from its appropriated budget or other revenue sources, are insufficient to pay the principal and interest on such bonds, the Governor may request the Legislature to appropriate additional funds to that agency for the payment of increased rentals. The Legislature may, but is not required to, make such an appropriation. *Bonds issued pursuant to authorizing legislation of this type are sometimes referred to herein as "State Lease Rental Obligation Bonds."* Bonds issued under the State Facilities Master Lease Program are not classified as State Moral Obligation Bonds.

*Current Lease Revenue Obligation Bonds Outstanding.* Under the State Facilities Master Lease Program, no debt service reserve fund is created for any bonds issued under the Indenture and Lease. Under this program, all Bonds are issued on a parity basis and are cross-collateralized by the facilities subject to the lien of the Indenture and Mortgages.

The Authority has the following bonds outstanding:

*Issued On A Parity Basis Under The State Facilities Master Lease Program*

(1) Series	Purpose	Original Amount	Final Maturity Date	Outstanding as of December 31, 2002
2001C (2) .....	University of Utah	\$ 30,300,000	May 15, 2022	\$ 30,300,000
2001A .....	University of Utah	69,850,000	May 15, 2021	69,850,000
2001B .....	Various Purpose	25,780,000	May 15, 2024	25,760,000
1999A (3) .....	Various Purpose	9,455,000	May 15, 2021	9,135,000
1998C (3) .....	Refunding	105,100,000	May 15, 2019	104,960,000
1998A (3) .....	Various Purpose (8)	25,710,000	May 15, 2020	18,935,000
1998B (3) (7) .....	University of Utah	23,091,478	May 15, 2005	23,091,478
1997A (4) .....	DABC 1997A Facilities	4,150,000	May 15, 2018	3,665,000
1996A (5) .....	Various Purpose	44,725,000	May 15, 2007 (9)	9,085,000
1996B (6) .....	University of Utah	16,875,000	May 15, 2013	13,495,000
1995A (5) .....	Various Purpose	93,000,000	May 15, 2007 (9)	18,885,000
1994A (5) .....	Various Purpose	30,915,000	May 15, 2005 (9)	5,410,000
Total State Facilities Master Lease Program Bonds .....				<u>\$ 332,571,478</u>

- (1) Unless as otherwise indicated, the Authority's bonds issued under the State Facilities Master Lease Program have an underlying rating of "Aa1" by Moody's and "AA+" by S&P, as of the last official statement, dated July 17, 2002. No rating was requested from any other rating agency.
- (2) The 2001C Bonds bear interest at a variable interest rate. The 2001C Bonds have been rated "Aaa/VMIG1" by Moody's and "AAA/A-1+" by S&P as of the last official statement, dated July 17, 2002.
- (3) These bonds are rated "Aaa" (FSA Insured) by Moody's and "AAA" (FSA Insured) by S&P, as of the last official statement, dated July 17, 2002.
- (4) The Series 1997A Bonds are rated "Aaa" (Ambac Insured) by Moody's and "AAA" (Ambac Insured) by S&P, as of the last official statement, dated July 17, 2002.
- (5) Portions of this bond have been refunded by the Series 1998C Bonds.
- (6) The Series 1996B Bonds are rate "Aaa" (MBIA Insured) by Moody's and "AAA" (MBIA Insured) by S&P, as of the last official statement, dated July 17, 2002.
- (7) The Authority has approximately \$22.86 million (which has been invested in United States Treasury STRIPS) to be used, together with other anticipated revenues, to pay debt service on May 15, 2005.
- (8) \$5,555,000 of these bonds are exempt from the Authority's borrowing capacity statutory limit.
- (9) Final maturity date after portions of this bond were refunded by the Series 1998C Bonds.

(Source: Zions Bank Public Finance)

Other series of bonds issued by the Authority, as listed below under the caption “Issued Under Separate Stand Alone Legal Documents,” are not issued on a parity basis with the bonds issued under the State Facilities Master Lease Program, or each other. Separate debt service reserve funds have been established and funded for each of these other series of bonds.

*Issued Under Separate Stand Alone Legal Documents*

(1) Series	Purpose	Original Amount	Final Maturity Date	Outstanding as of December 31, 2002
1993A .....	Human Services Building	\$ 6,230,000	January 1, 2013	\$ 4,265,000
1993B .....	State Board of Education	8,160,000	January 1, 2014	5,790,000
1992A .....	Employment Security (2)	26,200,000	August 15, 2011	15,785,000
1992B .....	Youth Corrections	1,380,000	August 15, 2011	860,000
Total Authority's Other Bonds .....				\$ 26,700,000

- (1) These outstanding lease revenue bonds of the authority are rated “Aa1” by Moody’s, and “AA+” by S&P, as of the last official statement, dated July 17, 2002. No rating was requested from any other rating agency.
- (2) Refunding Issue.

*Summary*

Total State Facilities Master Lease Program Bonds Outstanding .....	\$ 332,571,478
Total Authority's Other Bonds Outstanding .....	26,700,000
Total Authority Bonds .....	\$ 359,271,478

(Source: Zions Bank Public Finance.)

*Authorized Lease Revenue Bonds and Future Bonds Issuance.* Notwithstanding the legal debt issuing capacity of the Authority discussed in this section under “Authority’s Legal Borrowing Debt Capacity” above, the Authority may only issue Bonds for facilities authorized by the Legislature. Under existing legislative authorization, at December 31, 2002, the Authority has \$14.846 million (\$1.836 million for capital projects from a 2002 authorization; \$10.5 million for capital projects from a 2000 authorization; and \$2.51 million for capital projects from a 1999 authorization) aggregate principal amount of additional authorized and unissued lease revenue bonds available for future projects that may be undertaken solely by vote of the Authority. The Authority does not anticipate the issuance of additional lease revenue bonds during the Fiscal Year Ending June 30, 2003.

*No Defaulted Authority Bonds or Failures by the State to Renew Lease.* As of December 31, 2002, neither the Authority nor the State has ever failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligation related thereto. As of December 31, 2002, the State has never failed to renew an annually renewable lease with the Authority.

**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority (Fiscal Year)**

*Issued Under the State Facilities Master Lease Program*

Fiscal Year Ending June 30	Series 2001C \$30,300,000		Series 2001A \$69,850,000		Series 2001B \$25,780,000	
	Principal (1)	Interest (2)	Principal	Interest	Principal	Interest
2003 .....	\$ -	\$ 984,750	\$ -	\$ 3,472,500	\$ 10,000	\$ 1,183,740
2004 .....	-	984,750	-	3,472,500	395,000	1,183,440
2005 .....	2,100,000	984,750	2,000,000	3,472,500	865,000	1,170,603
2006 .....	1,100,000	916,500	3,175,000	3,392,500	895,000	1,136,003
2007 .....	1,300,000	880,750	3,125,000	3,233,750	935,000	1,100,203
2008 .....	1,400,000	838,500	3,250,000	3,077,500	965,000	1,062,803
2009 .....	1,500,000	793,000	3,375,000	2,915,000	1,005,000	1,024,203
2010 .....	1,500,000	744,250	3,500,000	2,746,250	1,055,000	984,003
2011 .....	1,600,000	695,500	3,650,000	2,571,250	1,090,000	941,803
2012 .....	1,700,000	643,500	3,800,000	2,388,750	1,135,000	898,203
2013 .....	1,800,000	588,250	3,975,000	2,198,750	1,175,000	852,803
2014 .....	1,800,000	529,750	4,175,000	2,000,000	1,225,000	804,628
2015 .....	1,900,000	471,250	4,400,000	1,791,250	1,280,000	753,178
2016 .....	1,900,000	409,500	4,625,000	1,571,250	1,335,000	698,138
2017 .....	2,000,000	347,750	4,850,000	1,340,000	1,400,000	631,388
2018 .....	2,100,000	282,750	5,100,000	1,097,500	1,465,000	561,388
2019 .....	2,100,000	214,500	5,350,000	842,500	1,550,000	488,138
2020 .....	2,200,000	146,250	5,600,000	575,000	1,620,000	410,638
2021 .....	2,300,000	74,750	5,900,000	295,000	1,705,000	329,638
2022 .....	-	-	-	-	1,760,000 (t12)	244,388
2023 .....	-	-	-	-	1,850,000 (t12)	151,988
2024 .....	-	-	-	-	1,045,000 (t12)	54,863
Totals	<u>\$ 30,300,000</u>	<u>\$ 11,531,000</u>	<u>\$ 69,850,000</u>	<u>\$ 42,453,750</u>	<u>\$ 25,760,000</u>	<u>\$ 16,666,180</u>

Fiscal Year Ending June 30	Series 1999A \$9,455,000		Series 1998C \$105,100,000		Series 1998A \$25,710,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2003 .....	\$ 300,000	\$ 490,688	\$ 50,000	\$ 5,741,930	\$ 2,370,000	\$ 941,040
2004 .....	310,000	474,938	50,000	5,739,930	2,485,000	822,540
2005 .....	330,000	458,663	55,000	5,737,930	2,615,000	698,290
2006 .....	345,000	441,338	1,120,000	5,735,675	705,000	567,540
2007 .....	365,000	423,225	1,170,000	5,688,635	735,000	536,520
2008 .....	380,000	404,063	7,715,000	5,638,325	775,000	503,445
2009 .....	405,000	384,113	8,130,000	5,214,000	805,000	468,570
2010 .....	425,000	362,850	8,575,000	4,766,850	840,000	431,540
2011 .....	450,000	340,538	9,065,000	4,295,225	885,000	392,060
2012 .....	470,000	316,913	8,995,000	3,796,650	920,000	349,580
2013 .....	495,000	292,238	9,490,000	3,301,925	970,000 (t9)	304,500
2014 .....	525,000	266,250	10,010,000	2,779,975	1,025,000 (t9)	253,575
2015 .....	550,000 (t11)	238,425	9,540,000	2,229,425	1,070,000 (t9)	199,763
2016 .....	580,000 (t11)	208,175	9,950,000 (t10)	1,704,725	1,130,000 (t9)	143,588
2017 .....	615,000 (t11)	176,275	9,835,000 (t10)	1,157,475	1,190,000 (t9)	84,263
2018 .....	640,000 (t11)	142,450	8,940,000 (t10)	616,550	135,000 (t9)	21,788
2019 .....	680,000 (t11)	107,250	2,270,000 (t10)	124,850	135,000 (t9)	14,700
2020 .....	720,000 (t11)	69,850	-	-	145,000 (t9)	7,613
2021 .....	550,000 (t11)	30,250	-	-	-	-
2022 .....	-	-	-	-	-	-
2023 .....	-	-	-	-	-	-
2024 .....	-	-	-	-	-	-
Totals	<u>\$ 9,135,000</u>	<u>\$ 5,628,492</u>	<u>\$ 104,960,000</u>	<u>\$ 64,270,075</u>	<u>\$ 18,935,000</u>	<u>\$ 6,740,915</u>

Continues

- (1) The principal payments are based on the Authority's current expectations for the redemption of the 2001C Bonds. The Authority is not required by the Indenture to provide for such payment in advance of the maturity date of the 2001C Bonds. The maturity date for the 2001C Bonds is May 15, 2022.
- (2) The 2001C Bonds are variable rate interest bonds. Interest has been estimated at an average coupon rate of 3.25 % per annum.
- (t12) Mandatory sinking fund payments from a \$4,655,000, 5.25%, term bond due May 15, 2024.
- (t11) Mandatory sinking fund payments from a \$4,335,000, 5.50%, term bond due May 15, 2021.
- (t10) Mandatory sinking fund payments from a \$30,995,000, 5.50%, term bond due May 15, 2019.
- (t9) Mandatory sinking fund payments from a \$5,800,000, 5.25%, term bond due May 15, 2020.

**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority (Fiscal Year)**

*Issued Under the State Facilities Master Lease Program--continued*

Fiscal Year Ending June 30	Series 1998B \$23,091,478		Series 1997A \$4,150,000		Series 1996A \$44,725,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2003 .....	\$ -	\$ -	\$ 155,000	\$ 179,953	\$ 1,630,000	\$ 499,675
2004 .....	-	-	160,000	172,823	1,720,000	410,025
2005 .....	23,091,478	8,493,522	170,000	165,463	1,820,000	315,425
2006 .....	-	-	180,000	157,643	1,905,000	215,325
2007 .....	-	-	190,000	149,363	2,010,000	110,550
2008 .....	-	-	195,000	140,623	- (r)	-
2009 .....	-	-	205,000	131,458	- (r)	-
2010 .....	-	-	215,000	121,618	- (r)	-
2011 .....	-	-	230,000	111,298	- (r)	-
2012 .....	-	-	240,000	100,028	- (r)	-
2013 .....	-	-	250,000	88,028	- (r)	-
2014 .....	-	-	265,000	75,528	- (r)	-
2015 .....	-	-	280,000 (t8)	62,013	- (r)	-
2016 .....	-	-	295,000 (t8)	47,663	- (r5)	-
2017 .....	-	-	310,000 (t8)	32,544	- (r)	-
2018 .....	-	-	325,000 (t8)	16,656	- (r)	-
2019 .....	-	-	-	-	- (r6)	-
2020 .....	-	-	-	-	-	-
2021 .....	-	-	-	-	-	-
2022 .....	-	-	-	-	-	-
2023 .....	-	-	-	-	-	-
2024 .....	-	-	-	-	-	-
Totals	<u>\$ 23,091,478</u>	<u>\$ 8,493,522</u>	<u>\$ 3,665,000</u>	<u>\$ 1,752,702</u>	<u>\$ 9,085,000</u>	<u>\$ 1,551,000</u>

Fiscal Year Ending June 30	1996B \$16,875,000		1995A \$93,000,000		1994A \$30,915,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2003 .....	\$ 945,000	\$ 700,340	\$ 3,450,000	\$ 970,972	\$ 1,710,000	\$ 297,736
2004 .....	995,000	653,090	3,575,000	794,160	1,805,000	205,396
2005 .....	1,040,000	603,340	3,760,000	610,942	1,895,000	106,120
2006 .....	1,095,000	551,340	3,945,000	418,242	-	-
2007 .....	1,150,000	496,590	4,155,000	216,060	-	-
2008 .....	1,205,000	439,090	- (r)	-	- (r)	-
2009 .....	1,270,000	377,635	- (r)	-	- (r)	-
2010 .....	1,335,000	311,595	- (r)	-	- (r)	-
2011 .....	1,410,000 (t7)	240,840	- (r)	-	- (r)	-
2012 .....	1,485,000 (t7)	164,700	- (r)	-	- (r)	-
2013 .....	1,565,000 (t7)	84,510	- (r)	-	- (r)	-
2014 .....	-	-	- (r)	-	- (r)	-
2015 .....	-	-	- (r)	-	- (r)	-
2016 .....	-	-	- (r)	-	- (r)	-
2017 .....	-	-	- (r)	-	- (r)	-
2018 .....	-	-	- (r4)	-	- (r3)	-
2019 .....	-	-	-	-	-	-
2020 .....	-	-	-	-	-	-
2021 .....	-	-	-	-	-	-
2022 .....	-	-	-	-	-	-
2023 .....	-	-	-	-	-	-
2024 .....	-	-	-	-	-	-
Totals	<u>\$ 13,495,000</u>	<u>\$ 4,623,070</u>	<u>\$ 18,885,000</u>	<u>\$ 3,010,376</u>	<u>\$ 5,410,000</u>	<u>\$ 609,252</u>

(t8) Mandatory sinking fund payments from a \$1,210,000, 5.125%, term bond due May 15, 2018.

(t7) Mandatory sinking fund payments from a \$4,460,000, 5.40%, term bond due May 15, 2013.

(r) Principal and interest have been refunded by the 1998C Bonds.

(r6) Principal and interest have been refunded by the 1998C Bonds (\$7,960,000, 6.00%, term bond which was due May 15, 2019).

(r5) Principal and interest have been refunded by the 1998C Bonds (\$5,140,000, 6.00%, term bond which was due May 15, 2016).

(r4) Principal and interest have been refunded by the 1998C Bonds (\$18,555,000, 5.75%, term bond which was due May 15, 2018).

(r3) Principal and interest have been refunded by the 1998C Bonds (\$3,425,000, 6.25%, term bond which was due May 15, 2018).

**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority (Fiscal Year)**

*Issued Under Stand Alone Legal Documents*

Fiscal Year Ending June 30	Series 1993A \$6,230,000			Series 1993B \$8,160,000		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2003 .....	\$ 300,000	\$ 216,355	\$ 516,355	\$ 360,000	\$ 294,866	\$ 654,866
2004 .....	315,000	202,405	517,405	380,000	278,126	658,126
2005 .....	330,000	187,443	517,443	395,000	260,076	655,076
2006 .....	345,000	171,355	516,355	415,000	240,820	655,820
2007 .....	360,000	154,105	514,105	440,000	220,070	660,070
2008 .....	380,000	136,105	516,105	460,000	198,070	658,070
2009 .....	400,000	116,725	516,725	485,000	174,610	659,610
2010 .....	425,000	96,125	521,125	510,000	149,633	659,633
2011 .....	445,000 (t1)	74,025	519,025	540,000 (t2)	123,113	663,113
2012 .....	470,000 (t1)	50,663	520,663	570,000 (t2)	94,763	664,763
2013 .....	495,000 (t1)	25,988	520,988	600,000 (t2)	64,838	664,838
2014 .....	-	-	-	635,000 (t2)	33,338	668,338
2015 .....	-	-	-	-	-	-
2016 .....	-	-	-	-	-	-
2017 .....	-	-	-	-	-	-
2018 .....	-	-	-	-	-	-
2019 .....	-	-	-	-	-	-
2020 .....	-	-	-	-	-	-
2021 .....	-	-	-	-	-	-
2022 .....	-	-	-	-	-	-
2023 .....	-	-	-	-	-	-
2024 .....	-	-	-	-	-	-
Totals	\$ 4,265,000	\$ 1,431,294	\$ 5,696,294	\$ 5,790,000	\$ 2,132,323	\$ 7,922,323

Fiscal Year Ending June 30	Series 1992A \$26,200,000			Series 1992B \$1,380,000		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2003 .....	\$ 1,310,000	\$ 936,923	\$ 2,246,923	\$ 70,000	\$ 51,703	\$ 121,703
2004 .....	1,380,000	863,275	2,243,275	75,000	47,714	122,714
2005 .....	1,460,000	784,445	2,244,445	80,000	43,373	123,373
2006 .....	1,545,000	699,533	2,244,533	85,000	38,669	123,669
2007 .....	1,640,000	608,350	2,248,350	90,000	33,638	123,638
2008 .....	1,735,000	511,319	2,246,319	95,000	28,319	123,319
2009 .....	1,835,000	408,681	2,243,681	100,000	22,713	122,713
2010 .....	1,945,000	300,006	2,245,006	105,000	16,819	121,819
2011 .....	2,060,000	184,863	2,244,863	110,000	10,500	120,500
2012 .....	2,185,000	62,819	2,247,819	120,000	3,600	123,600
2013 .....	-	-	-	-	-	-
2014 .....	-	-	-	-	-	-
2015 .....	-	-	-	-	-	-
2016 .....	-	-	-	-	-	-
2017 .....	-	-	-	-	-	-
2018 .....	-	-	-	-	-	-
2019 .....	-	-	-	-	-	-
2020 .....	-	-	-	-	-	-
2021 .....	-	-	-	-	-	-
2022 .....	-	-	-	-	-	-
2023 .....	-	-	-	-	-	-
2024 .....	-	-	-	-	-	-
Totals	\$ 17,095,000	\$ 5,360,214	\$ 22,455,214	\$ 930,000	\$ 297,048	\$ 1,227,048

(t1) Mandatory sinking fund payments from a \$1,410,000, 5.25%, term bond due January 1, 2013.

(t2) Mandatory sinking fund payments from a \$2,345,000, 5.25%, term bond due January 1, 2014.

**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority (Fiscal Year)**

*Summary of State Building Ownership Authority Lease Revenue Bonds Outstanding*

Fiscal Year Ending June 30	Total Bonds Issued Under State Facilities Master Lease Program*			Total Bonds Issued Under Stand Alone Legal Documents		
	Total Principal	Total Interest	Total Debt Service	Total Principal	Total Interest	Total Debt Service
2003 .....	\$ 10,620,000	\$ 15,463,324	\$ 26,083,324	\$ 2,040,000	\$ 1,499,847	\$ 3,539,847
2004 .....	11,495,000	14,913,592	26,408,592	2,150,000	1,391,520	3,541,520
2005 .....	39,741,478	22,817,548	62,559,026	2,265,000	1,275,337	3,540,337
2006 .....	14,465,000	13,532,106	27,997,106	2,390,000	1,150,377	3,540,377
2007 .....	15,135,000	12,835,646	27,970,646	2,530,000	1,016,163	3,546,163
2008 .....	15,885,000	12,104,349	27,989,349	2,670,000	873,813	3,543,813
2009 .....	16,695,000	11,307,979	28,002,979	2,820,000	722,729	3,542,729
2010 .....	17,445,000	10,468,956	27,913,956	2,985,000	562,583	3,547,583
2011 .....	18,380,000	9,588,514	27,968,514	3,155,000	392,501	3,547,501
2012 .....	18,745,000	8,658,324	27,403,324	3,345,000	211,845	3,556,845
2013 .....	19,720,000	7,711,004	27,431,004	1,095,000	90,826	1,185,826
2014 .....	19,025,000	6,709,706	25,734,706	635,000	33,338	668,338
2015 .....	19,020,000	5,745,304	24,765,304	-	-	-
2016 .....	19,815,000	4,783,039	24,598,039	-	-	-
2017 .....	20,200,000	3,769,695	23,969,695	-	-	-
2018 .....	18,705,000	2,739,082	21,444,082	-	-	-
2019 .....	12,085,000	1,791,938	13,876,938	-	-	-
2020 .....	10,285,000	1,209,351	11,494,351	-	-	-
2021 .....	10,455,000	729,638	11,184,638	-	-	-
2022 .....	1,760,000	244,388	2,004,388	-	-	-
2023 .....	1,850,000	151,988	2,001,988	-	-	-
2024 .....	1,045,000	54,863	1,099,863	-	-	-
Totals	<u>\$ 332,571,478</u>	<u>\$ 167,330,334</u>	<u>\$ 499,901,812</u>	<u>\$ 28,080,000</u>	<u>\$ 9,220,879</u>	<u>\$ 37,300,879</u>

Total All Lease Revenue Bond Obligations			
Fiscal Year Ending June 30	Total Principal	Total Interest	Total Debt Service
2003 .....	\$ 12,660,000	\$ 16,963,171	\$ 29,623,171
2004 .....	13,645,000	16,305,112	29,950,112
2005 .....	42,006,478	24,092,885	66,099,363
2006 .....	16,855,000	14,682,483	31,537,483
2007 .....	17,665,000	13,851,809	31,516,809
2008 .....	18,555,000	12,978,162	31,533,162
2009 .....	19,515,000	12,030,708	31,545,708
2010 .....	20,430,000	11,031,539	31,461,539
2011 .....	21,535,000	9,981,015	31,516,015
2012 .....	22,090,000	8,870,169	30,960,169
2013 .....	20,815,000	7,801,830	28,616,830
2014 .....	19,660,000	6,743,044	26,403,044
2015 .....	19,020,000	5,745,304	24,765,304
2016 .....	19,815,000	4,783,039	24,598,039
2017 .....	20,200,000	3,769,695	23,969,695
2018 .....	18,705,000	2,739,082	21,444,082
2019 .....	12,085,000	1,791,938	13,876,938
2020 .....	10,285,000	1,209,351	11,494,351
2021 .....	10,455,000	729,638	11,184,638
2022 .....	1,760,000	244,388	2,004,388
2023 .....	1,850,000	151,988	2,001,988
2024 .....	1,045,000	54,863	1,099,863
Totals	<u>\$ 360,651,478</u>	<u>\$ 176,551,213</u>	<u>\$ 537,202,691</u>

\* Preliminary; subject to change. The Authority has variable interest rate bonds outstanding.

(Source: The Authority)

*State Financing Consolidation Act.* Approximately \$4.135 million of revenue bonds are outstanding under the State Financing Consolidation Act, all of which were issued as State Moral Obligation Bonds. These revenue bonds were issued to provide funds to the State's Drinking Water Board and Board of Water Resources and are secured by and payable from bonds, notes and other obligations issued by certain political subdivisions of the State that are held by the State Treasurer.

### **State Guaranty of General Obligation School Bonds**

Under the Utah School Bond Guaranty Act (the "Guaranty Act") which took effect on January 1, 1997, the full faith and credit, and unlimited taxing power of the State is pledged to guaranty full and timely payment of the principal of and interest on general obligation bonds ("Guaranteed Bonds") issued by qualifying boards of education of Utah school districts ("local school boards"). The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guaranteed Bonds.

In the event a local school board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may (a) use any of its available moneys, (b) seek a short-term loan from the Permanent School Fund (although the Fund is not required to make the loan), or (c) issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guaranteed Bonds.

The State may seek reimbursement for such payments (plus interest and penalties) by intercepting State financial aid intended for the local school board. The Guaranty Act also contains provisions to compel the local school board to levy a tax sufficient to reimburse the State for such payments and to provide oversight to assure that the local school board will ultimately be responsible for payment of debt service on the Guaranteed Bonds.

The State Superintendent of Public Instruction is charged by the Guaranty Act with the responsibility of monitoring the financial affairs, condition, and solvency of each local school board in the State and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately to the Governor and the State Treasurer any circumstances suggesting that a local school board will be unable to pay when due its debt service obligations and recommend a course of remedial action.

The State does not expect it will be required to advance moneys for the payment of debt service on Guaranteed Bonds in the foreseeable future. Accordingly, the State believes that it would normally have sufficient cash available to make such payments. In the event sufficient moneys are not available, the Guaranty Act provides that the State may issue its general obligation notes on an expedited basis in an amount sufficient to make the necessary payment plus costs of issuance. The payments of principal of and interest on such notes from taxes or other identified State revenues are secured by a pledge of the full faith, credit, and resources of the State. The Guaranty Act also provides that such notes do not constitute debt of the State for purposes of the debt limitation of the Utah Constitution.

The State guaranty is extended by the State Treasurer to an eligible school district after a review of the application and a recommendation for the guaranty by the State Superintendent of Public Instruction. The State Treasurer has the authority to withhold any guaranty or to terminate the issuance of future guaranties at any time. Determinations of future ineligibility do not reverse or remove prior State guaranties.

During the fiscal year ending June 30, 2003, the State will have approximately \$1.158 billion principal amount outstanding of Guaranteed Bonds. The State cannot predict the amount of bonds that may be guaranteed in this year or in future years; no limitation is currently imposed by the Guaranty Act. As of December 31, 2002, the State has not been requested to make payments on any Guaranteed Bonds under the provisions of the Guaranty Act.

### **No Defaulted Bonds**

The State has never failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligations related thereto.



# FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

## State's Discussion and Analysis of Financial Condition and Results of Operations

### Liquidity and Capital Resources

**Budget Management.** The most recent revenue estimates for the Fiscal Year Ending June 30, 2003, which were developed in November 2002, indicate that revenues will be \$117 million lower than the 2003 budget estimates adopted during the Fifth Special Session of the Legislature that was held on June 26, July 8, and July 9, of 2002. The Governor called the Legislature into the Sixth Special Session on December 18, 2002 to address this further decline in revenues. The legislature took action to reduce agency budgets and replace capital budgets with bonding to balance the budget to the reduced revenue estimates.

**Budget Reserve Account.** The State maintains a Budget Reserve Account (the "Rainy Day Fund") which can only be used to cover operating deficits or retroactive tax refunds. The 2002 Legislature passed legislation which provides for the replacement of any appropriations from the Rainy Day Fund within the last 10 years by annually transferring an additional 25% of any General Fund surplus, in addition to the annual base contribution of 25% of the surplus, until the appropriations have been paid back. The statutory ceiling for the Rainy Day Fund is 8% of each fiscal year's General Fund appropriation total. The statutory ceiling was approximately \$144.7 million for the Fiscal Year Ending June 30, 2002 and is approximately \$140.7 million for Fiscal Year Ending June 30, 2003.

The balance of the Rainy Day Fund for the Fiscal Year Ended June 30, 2002 was \$19.5 million after a transfer of \$105.3 million from the fund to balance the Uniform School Fund budget for the Fiscal Year Ending June 30, 2002.

### Revenues and Expenditures for Fiscal Years Ending June 30, 2002, 2001, and 2000

The following table summarizes the State's revenues and expenditures for Fiscal Years Ending June 30, 2002, 2001, and 2000:

Analysis of Operations--General Fund and Major Special Revenue Funds (1)						
Fiscal Year Ending June 30, 2002			Fiscal Year Ending June 30, 2001		Fiscal Year Ending June 30, 2000	
Amounts (in thousands)	% Change From Prior Year		Amounts (in thousands)	% Change From Prior Year	Amounts (in thousands)	% Change From Prior Year
<b>Revenues:</b>						
<b>Individual and Corporate</b>						
Income Taxes .....	\$ 1,709,107	(10) %	\$ 1,895,817	3 %	\$ 1,841,885	11 %
Federal Revenues .....	1,846,910	8	1,708,063	8	1,575,608	2
Sales Tax .....	1,473,479	1	1,465,301	5	1,400,069	4
Motor/Special Fuel Tax...	321,682	4	310,000	(1)	314,164	5
Other Taxes .....	198,438	3	193,530	(17)	233,914	55
Liquor Profits .....	32,541	8	30,253	6	28,659	6
Other .....	541,212	(3)	558,601	7	520,056	12
Total Revenues.....	<u>\$ 6,123,369</u>	(1) %	<u>\$ 6,161,565</u>	4 %	<u>\$ 5,914,355</u>	8 %
Expenditures .....	<u>\$ 6,258,170</u>	6 %	<u>\$ 5,917,805</u>	5 %	<u>\$ 5,623,492</u>	1 %

(1) This summary includes revenues and expenditures for the General Fund and the Major Special Revenue Funds (Uniform School Fund, Transportation Fund, and Centennial Highway Fund).

(Sources: Division of Finance and the 2002 CAFR.)

## Changes in Accounting Standards

The Governmental Accounting Standards Board (GASB) issued new accounting and reporting standards that are effective for the Fiscal Year Ending June 30, 2002. These new standards have impacted the State's revenue and expenditure recognition and changed the way the State reports assets, liabilities, and fund equity. Financial information for Fiscal Year 2002 has been prepared using the new accounting standards. Consequently, financial information prepared prior to Fiscal Year 2002 is not comparable to Fiscal Year 2002 information. The following is a brief description of the changes in accounting standards that affected Fiscal Year 2002 financial information.

GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* changes the way governments report their financial information. The new reporting model requires the presentation of government-wide financial statements using the accrual basis of accounting and presents summarized information for governmental activities, business-type activities, and component units. The new government-wide balance sheet includes all the capital assets and long-term liabilities of State, which were previously reported in account groups prior to the implementation of GASB 34. The standard still requires presentation of the fund statements using the modified accrual basis of accounting, but the reporting focus changed to individual major funds rather than fund types and the criteria for determining fund types was changed.

The most significant changes in fund classification was the reclassification of water and housing loan funds, which were previously reported as a part of the General Fund, but now are reported as proprietary funds. Other significant changes in fund classification were the reclassification of several trust funds to special revenue funds.

GASB Statement 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities* established new reporting standards for colleges and universities within the reporting guidelines of Statement 34.

GASB Statement 38, *Certain Financial Statement Note Disclosures* requires certain note disclosures when Statement 34 was implemented.

GASB Interpretation 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* provides additional guidance about reporting compensated absence and postemployment liabilities. As a result, these liabilities and their related expenditures are no longer reported in General Fund, Uniform School Fund, or Transportation Fund. The liabilities and related expenses are only reported in the government-wide financial statements.

The net impact of the changes in accounting standards for the governmental funds (excluding the Trust Lands permanent fund) was a reduction of equity of \$22.758 million for the Fiscal Year Ended June 30, 2001. See in this section "Fund Balances" below for further information.

## Five-Year Financial Summaries

The following summaries were extracted from the State's audited financial statements for the Fiscal Years Ended June 30, 1998 through June 30, 2002. The summaries themselves have not been audited. The financial information presented in the summaries is presented on a fund statement basis and not on a government-wide statement basis.

Five-year historical summaries have been prepared for the Combined Balance Sheet — All Governmental Fund Types Only; Statement of Revenues, Expenditures and Changes in Fund Balance — General Fund; and Statement of Revenues, Expenditures and Changes in Fund Balance — Major Special Revenue Funds.

The five-year summary Statement of Revenues, Expenditures and Changes in Fund Balance— Major Special Revenue Funds has been included to show the State's sources of revenue for and expenditures on public education and transportation.

**Unless otherwise noted, the financial information for the fiscal years' prior to Fiscal Year 2002 have not been restated to reflect the changes in accounting standards.**

**State of Utah**  
**Combined Balance Sheet—All Governmental Fund Types Only**

	Fiscal Year Ended June 30 (in thousands)				
	2002 (1)	2001 (2)	2000	1999	1998
<b>Assets:</b>					
Cash and cash equivalents .....	\$ 284,444	\$ 586,836	\$ 659,836	\$ 419,820	\$ 360,754
Investments .....	785,121	313,565	292,254	412,513	663,566
<b>Receivables:</b>					
Accounts, net (3) .....	485,522	523,415	335,129	348,356	346,036
Accrued taxes, net (3) .....	581,065	548,537	380,909	355,872	344,831
Notes/Mortgages, net (4) .....	13,355	280,350	256,979	189,138	178,933
Accrued interest (4) .....	32	1,952	1,817	1,944	1,624
Due from other funds .....	54,173	115,209	72,685	76,414	106,693
Due from component units .....	29,016	29,939	22,031	44,711	-
Interfund loans receivable .....	44,638	24,322	28,699	30,611	23,640
Inventories .....	8,894	8,728	9,721	10,529	10,464
<b>Total assets .....</b>	<b>\$ 2,286,260</b>	<b>\$ 2,432,853</b>	<b>\$ 2,060,060</b>	<b>\$ 1,889,908</b>	<b>\$ 2,036,541</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities .....	\$ 510,618	\$ 423,000	\$ 393,282	\$ 394,397	\$ 359,352
Due to other funds .....	65,469	98,126	58,361	63,535	95,313
Due to component units .....	-	359	75	-	-
Deferred revenue (3) .....	279,983	392,194	114,351	45,742	51,332
Interfund loans payable .....	2,478	2,478	2,478	-	-
Leave/Postemployment benefits (5) .....	-	260,268	248,149	228,758	202,759
<b>Total liabilities .....</b>	<b>858,548</b>	<b>1,176,425</b>	<b>816,696</b>	<b>732,432</b>	<b>708,756</b>
<b>Fund balances:</b>					
Reserved .....	801,664	764,662	755,004	905,733	1,010,987
Unreserved designated .....	385,833	393,290	328,501	272,169	292,947
Unreserved undesignated (6) .....	240,215	98,476	159,859	(20,426)	23,851
<b>Total fund balances .....</b>	<b>1,427,712</b>	<b>1,256,428</b>	<b>1,243,364</b>	<b>1,157,476</b>	<b>1,327,785</b>
<b>Total liabilities and fund balances .....</b>	<b>\$ 2,286,260</b>	<b>\$ 2,432,853</b>	<b>\$ 2,060,060</b>	<b>\$ 1,889,908</b>	<b>\$ 2,036,541</b>

- (1) Beginning in fiscal year 2002, this summary includes balances of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The comparability of 2002 balances to the 2001 and prior years' balances is affected.
- (2) Prior to fiscal year 2002, this summary included balances from the State's Governmental fund types, which included the General Fund, Special Revenue Funds, Capital Projects Fund, and Debt Service Fund.
- (3) Increases in these accounts, beginning in fiscal year 2001, are mainly due to the implementation of Statement 33 of the GASB, *Accounting and Financial Reporting for Nonexchange Transactions*. This statement resulted in greater amounts of Accounts Receivable, Designated Accrued Taxes, and Deferred Revenue due to changes in revenue recognition criteria. The revenues resulting from the increased receivables were deferred because they were not available for use by the government during the period indicated.
- (4) Decreases in these accounts, beginning in fiscal year 2002, are due to the implementation of GASB Statement 34, which resulted in certain water loan funds and housing loan funds being reclassified from Governmental funds to Proprietary funds.
- (5) Beginning in fiscal year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.
- (6) The deficit in fiscal year 1999 was a result of contractual obligations being greater than available financial resources in the capital projects fund as allowed in statute. These contractual obligations were funded from the subsequent year's revenues and appropriations.

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

**State of Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Fund Type—General Fund**

	Fiscal Year Ended June 30 (in thousands)				
	2002 (1)	2001	2000	1999	1998
Revenues:					
Taxes:					
Sales tax .....	\$ 1,437,339	\$ 1,441,046	\$ 1,378,949	\$ 1,324,608	\$ 1,261,290
Other taxes.....	172,307	194,250	216,313	128,967	175,144
Total taxes .....	1,609,646	1,635,296	1,595,262	1,453,575	1,436,434
Other Revenues:					
Federal contracts and grants .....	1,341,072	1,214,201	1,127,858	1,094,490	1,037,649
Charges for services .....	192,190	181,748	164,790	159,462	144,097
Licenses, permits, and fees .....	17,721	16,963	16,738	16,328	14,422
Federal mineral lease .....	29,367	49,566	34,957	28,962	33,485
Investment income .....	15,333	45,468	35,600	28,966	28,638
Miscellaneous and other .....	114,449	74,325	85,202	44,228	47,342
Total revenues .....	3,319,778	3,217,567	3,060,407	2,826,011	2,742,067
Expenditures:					
Current:					
General government and courts .....	261,238	254,001	245,940	249,337	230,030
Human services and youth corrections .....	529,403	333,327	340,466	324,758	300,310
Corrections, adult .....	182,860	183,395	175,198	154,725	143,808
Public safety .....	147,728	120,454	107,554	103,777	87,703
Health and environmental quality .....	1,055,856	1,097,147	985,888	926,002	845,137
Higher education--state administration .....	42,155	36,118	31,280	28,693	18,770
Higher education--colleges and universities (2) ..	610,837	-	-	-	-
Employment and family services .....	321,154	286,304	285,517	302,665	285,602
Natural resources .....	119,383	104,859	97,586	90,794	88,529
Community and economic development .....	86,160	82,381	73,881	73,116	70,446
Business, labor, and agriculture .....	55,639	49,417	46,233	44,268	42,180
Leave/Postemployment benefits (3) .....	-	7,083	12,828	17,204	21,641
Total expenditures .....	3,412,413	2,554,486	2,402,371	2,315,339	2,134,156
Excess revenues over (under) expenditures .....	(92,635)	663,081	658,036	510,672	607,911
Other financing sources (uses):					
Proceeds of revenue bonds/contracts .....	-	1,602	-	-	954
General obligation bonds issued.....	-	-	-	15,000	8,500
Premium on bonds issued .....	-	-	-	650	261
Operating transfers in .....	223,529	268,793	248,069	225,520	176,856
Operating transfers out .....	(330,679)	(312,737)	(265,429)	(257,836)	(219,312)
Operating transfers from component units.....	-	526	-	-	-
Operating transfers to component units (2) .....	-	(537,279)	(503,641)	(483,901)	(463,272)
Total other financing sources (uses) .....	(107,150)	(579,095)	(521,001)	(500,567)	(496,013)
Beginning fund balance .....	708,067	646,959	525,268	519,700	416,539
Adjustments to beginning fund balance (4) .....	(140,257)	-	-	-	(485)
Beginning fund balance as adjusted .....	567,810	646,959	525,268	519,700	416,054
Residual equity transfers .....	-	(22,878)	(15,344)	(4,537)	(8,252)
Ending fund balances .....	\$ 368,025	\$ 708,067	\$ 646,959	\$ 525,268	\$ 519,700

- (1) Due to changes in accounting standards, the comparability of the 2002 statement to 2001 and prior years' statements is affected.
- (2) State support of higher education—colleges and universities, starting in fiscal year 2002, is reported as a current expenditure under the GASB 34 reporting model. Previously, state support of higher education was shown as an operating transfer to components units for the fiscal years 1998 to 2001. These transfers to colleges and universities were substantially all of the operating transfers to component units.
- (3) Beginning in fiscal year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6.
- (4) Due to changes in accounting standards.

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

**State of Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Fund Type— Major Special Revenue Funds (1)**

	Fiscal Year Ended June 30 (in thousands)				
	2002 (2)	2001	2000	1999	1998
Revenues:					
Taxes:					
Sales tax .....	\$ 36,140	\$ 24,255	\$ 21,120	\$ 17,859	\$ 17,905
Individual income tax .....	1,584,546	1,712,676	1,654,949	1,463,897	1,377,494
Corporate tax .....	124,561	183,141	186,936	192,221	196,275
Motor and special fuels tax .....	321,682	310,000	314,164	298,390	290,086
Other taxes (3).....	26,131	(720)	17,601	21,710	29,509
Total taxes .....	<u>2,093,060</u>	<u>2,229,352</u>	<u>2,194,770</u>	<u>1,994,077</u>	<u>1,911,269</u>
Other Revenues:					
Federal contracts and grants .....	505,838	493,862	447,750	448,696	345,099
Charges for services .....	23,438	35,461	32,031	29,869	29,591
Licenses, permits, and fees .....	80,911	74,616	75,154	71,231	67,709
Federal aeronautics .....	31,026	33,386	26,859	18,737	22,762
Investment income .....	15,296	17,566	15,382	24,347	27,623
Miscellaneous and other .....	21,481	29,502	33,343	43,771	28,277
Total other revenues .....	<u>677,990</u>	<u>684,393</u>	<u>630,519</u>	<u>636,651</u>	<u>521,061</u>
Total revenues .....	<u>2,771,050</u>	<u>2,913,745</u>	<u>2,825,289</u>	<u>2,630,728</u>	<u>2,432,330</u>
Expenditures:					
Current:					
Public education .....	1,998,240	1,949,959	1,824,162	1,776,912	1,676,668
Transportation .....	847,517	877,653	892,130	975,146	1,038,522
Leave/Postemployment benefits (4) .....	-	2,103	4,745	6,682	(76)
Total expenditures .....	<u>2,845,757</u>	<u>2,829,715</u>	<u>2,721,037</u>	<u>2,758,740</u>	<u>2,715,114</u>
Excess revenues over (under) expenditures .....	<u>(74,707)</u>	<u>84,030</u>	<u>104,252</u>	<u>(128,012)</u>	<u>(282,784)</u>
Other financing sources (uses):					
Proceeds of revenue bonds/contracts .....	-	1,688	-	-	-
General obligation bonds issued .....	277,810	-	-	68,000	840,000
Premium on bonds issued .....	11,241	-	-	7,808	11,084
Operating transfers in .....	340,705	249,665	218,390	191,454	161,146
Operating transfers out .....	(369,293)	(460,906)	(345,198)	(320,417)	(238,006)
Operating transfers to component units .....	-	-	(13)	-	-
Total other financing sources (uses) .....	<u>260,463</u>	<u>(209,553)</u>	<u>(126,821)</u>	<u>(53,155)</u>	<u>774,224</u>
Excess of revenues over (under) expenditures and other uses .....	<u>185,756</u>	<u>(125,523)</u>	<u>(22,569)</u>	<u>(181,167)</u>	<u>491,440</u>
Beginning fund balance .....	377,980	503,503	526,240	707,407	215,967
Adjustments to beginning fund balance (5) .....	54,760	-	-	-	-
Beginning fund balance as adjusted .....	<u>432,740</u>	<u>503,503</u>	<u>526,240</u>	<u>707,407</u>	<u>215,967</u>
Residual equity transfers .....	-	-	(168)	-	-
Ending fund balances .....	<u>\$ 618,496</u>	<u>\$ 377,980</u>	<u>\$ 503,503</u>	<u>\$ 526,240</u>	<u>\$ 707,407</u>

- (1) The major special revenue funds include the Uniform School Fund, Transportation Fund, and Centennial Highway Fund.
- (2) Due to changes in accounting standards, the comparability of the 2002 statement to 2001 and prior years' statements is affected.
- (3) The negative revenue in fiscal year 2001 was a result of changes in the balance of receivables related to other taxes, that is, the accrued receivable balance related to other taxes at the end of fiscal year 2001 declined compared to the previous fiscal year and furthermore, the decline in the accrued receivable was greater than realized revenue.
- (4) Beginning in fiscal year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6.
- (5) Due to changes in accounting standards.

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

## Property Tax Matters

### Property Tax Act

#### Taxable Value Compared with Fair Market Value of All Taxable Property in the State

##### *Excluding Fee-In-Lieu Valuation (1)*

Tax Year	Taxable Value (2)	% Change Over Prior Year	Fair Market Value	% Change Over Prior Year
2001 .....	\$ 110,312,889,753	8.0%	\$ 153,166,345,540	7.7%
2000 .....	\$ 102,165,801,713	7.4%	\$ 142,277,006,433	7.6%
1999 (1) .....	\$ 95,139,285,276	5.2%	\$ 132,182,523,915	5.5%
1998 .....	\$ 90,433,258,356	7.1%	\$ 125,233,200,381	7.1%
1997 .....	\$ 84,453,664,295	11.4%	\$ 116,955,908,541	12.2%

##### *Including Fee-In-Lieu Valuation (1)*

Tax Year	Taxable Value (2)	% Change Over Prior Year	Fair Market Value	% Change Over Prior Year
2001 .....	\$ 110,312,889,753	8.0%	\$ 153,166,345,540	7.7%
2000 .....	\$ 102,165,801,713	7.4%	\$ 142,277,006,433	7.6%
1999 (1) .....	\$ 95,139,285,276	-5.0%	\$ 132,182,523,915	-2.1%
1998 .....	\$ 100,168,593,618	7.5%	\$ 134,968,535,643	7.4%
1997 .....	\$ 93,202,826,647	11.7%	\$ 125,705,070,893	12.4%

- (1) The law which imposes an age-based uniform fee in lieu of ad valorem tax on automobiles and other commercial vehicles took effect in 1999. In both of the above tables, the 1999 through 2001 values of property subject to such in-lieu fees is excluded from the Taxable Value and Fair Market Value of all taxable property in the State to reflect the fact that no ad valorem taxes are imposed upon such property. The second table sets forth the actual Taxable and Fair Market Value of taxable property in the State for 1999 through 2001, during which the in-lieu fees were in effect, and for 1997 through 1999, during which the ad valorem tax applied to automobiles and other commercial vehicles. For purposes of comparing years 1999 and thereafter, to prior years, the first table excludes the value of property presently subject to the in-lieu uniform fees from the property value totals as if the in-lieu fees had applied during all years.
- (2) Taxable values were calculated by reducing the fair market value of primary residential property by 45%, representing the current partial property tax exemption for such property.

Source as to Taxable Value: Property Tax Division, Utah State Tax Commission

(Source: Zions Bank Public Finance.)

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## Historical Summaries of Taxable Value of Taxable Property

	2001		2000	1999	1998	1997
	Taxable Value	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
<i>Set by State Tax Commission (Centrally Assessed)</i>						
Total centrally assessed .....	\$ 14,142,177,943	12.8%	\$ 13,251,640,360	\$ 13,108,017,179	\$ 13,232,746,167	\$ 13,485,431,359
<i>Set by County Assessor (Locally Assessed)</i>						
Real Property:						
Primary residential .....	52,099,359,175	47.2	48,749,007,976	45,015,382,649	42,287,610,817	39,520,104,091
Other residential .....	6,416,331,289	5.8	5,543,546,638	4,870,876,619	4,844,353,599	4,150,149,924
Commercial and industrial .....	23,831,287,399	21.6	21,846,954,648	19,631,040,729	18,295,799,705	17,100,050,679
Federal Aviation Administration (FAA) .....	981,937,333	0.9	969,320,147	897,505,511	548,195,618	540,857,029
Unimproved non FAA .....	4,042,602,174	3.7	3,490,666,889	3,710,095,599	3,688,451,350	2,990,199,305
Agricultural .....	346,658,254	0.3	338,214,540	-	-	-
Total real property .....	87,718,175,624	79.5	80,937,710,838	74,124,901,107	69,664,411,089	64,301,361,028
Personal property:						
Primary mobile homes .....	277,086,787	0.3	275,797,793	259,686,799	245,651,658	204,861,098
Secondary mobile homes .....	25,194,048	0.0	24,116,300	21,034,509	26,263,675	18,765,469
Other business personal .....	8,150,255,351	7.4	7,676,536,422	7,625,645,682	7,264,185,767	6,443,245,341
Total personal property .....	8,452,536,186	7.7	7,976,450,515	7,906,366,990	7,536,101,100	6,666,871,908
Fee-in-lieu property (1) .....	-	-	-	-	9,735,335,262	8,749,162,352
Total locally assessed .....	96,170,711,810	87.2	88,914,161,353	82,031,268,097	86,935,847,451	79,717,395,288
Total taxed value .....	\$ 110,312,889,753	100%	\$ 102,165,801,713	\$ 95,139,285,276	\$ 100,168,593,618	\$ 93,202,826,647
Total taxed value (less fee-in-lieu) .....	\$ 110,312,889,753		\$ 102,165,801,713	\$ 95,139,285,276	\$ 90,433,258,356	\$ 84,453,664,295

(1) As a result of a change in law regarding automobiles and other commercial vehicles to an “age based fee”, beginning in 1999 and thereafter, the fee-in-lieu valuation is not determined and therefore is not available.

(Source: Property Tax Division, Utah State Tax Commission)

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## State Revenues

The State receives revenues from three principal sources: (a) taxes; (b) Federal grants-in-aid; and (c) miscellaneous charges and receipts, including the State's share of mineral royalties, and bonuses on Federal land. Revenues received in the governmental fund types (excluding the Trust Lands permanent fund) are as follows:

Fiscal Year Ended June 30 (in thousands)										
	2002	% (1)	2001	% (1)	2000	% (1)	1999	% (1)	1998	% (1)
Taxes (2) .....	\$ 3,705,851	60%	\$ 3,879,866	62%	\$ 3,791,453	63%	\$ 3,456,517	62%	\$ 3,355,371	63%
Federal contracts and grants .....	1,856,477	30	1,708,087	27	1,575,608	26	1,543,186	28	1,382,748	26
All other misc. revenue (3) .....	639,710	10	655,329	10	655,820	11	559,111	10	561,082	11
Total all funds .....	\$ 6,202,038	100%	\$ 6,243,282	100%	\$ 6,022,881	100%	\$ 5,558,814	100%	\$ 5,299,201	100%

- (1) Percentage of total Governmental Fund Revenue. Beginning in fiscal year 2002, this summary includes revenues of the State's governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing GASB Statement 34. The comparability of 2002 revenue amounts to the 2001 and prior amounts is affected. Prior to fiscal year 2002, this summary included revenues of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund and Debt Service Fund.
- (2) Includes sales, individual income, corporate franchise, motor and special fuel taxes, and other miscellaneous taxes.
- (3) Includes charges for services; licenses, permits, and fees; aeronautics; Federal mineral lease revenues; intergovernmental revenues; interest on investments; liquor control profits; and other miscellaneous revenues.

(Source: Division of Finance)

*Revenue Summary.* For the Fiscal Year 2002, General Fund revenues from all sources totaled \$3,352.319 million. Of this amount, 43% came from sales tax, 40% came from federal contracts and grants, 6% came from charges for services and licenses, permits, and fees, 6% came from federal mineral lease, investment income and miscellaneous and other revenues and 5% came from other tax sources. The General Fund revenue includes credit for profits of the Liquor Enterprise Fund, which amounted to \$32.541 million.

In the Uniform School Fund for Fiscal Year 2002, revenues from all sources totaled \$2,000.841 million. Of this amount, 79% came from individual income taxes, 13% came from federal contracts and grants, 6% came from corporate franchise taxes, and 2% came from other miscellaneous revenue sources.

In the Transportation Fund for Fiscal Year 2002, revenues from all sources totaled \$697.388 million. Of this amount, 46% came from motor and special fuel taxes, 29% came from federal contracts and grants, 12% came from charges for services and licenses, permits, and fees, and 13% came from other miscellaneous unrestricted taxes and fees.

In the Centennial Highway Fund for Fiscal Year 2002, revenues from all sources totaled \$72.821 million. Of this amount 64% came from federal contracts and grants, 25% came from motor vehicle registration fees, 7% came from sales tax revenue, and 4% came from interest income.



## Revenues by Source

### All Governmental Fund Types

Fiscal Year Ended June 30 (in thousands)					
	2002 (1)	2001 (2)	2000	1999	1998
<b>Taxes:</b>					
Sales and use tax .....	\$ 1,473,479	\$ 1,465,301	\$ 1,400,962	\$ 1,351,332	\$ 1,287,849
Individual income tax .....	1,584,546	1,712,676	1,654,949	1,463,897	1,377,494
Corporate tax .....	124,561	183,141	186,936	192,221	196,275
Motor and special fuel tax .....	321,682	310,000	314,164	298,390	290,086
Other taxes.....	201,583	208,748	234,442	150,677	203,667
Total taxes .....	<u>3,705,851</u>	<u>3,879,866</u>	<u>3,791,453</u>	<u>3,456,517</u>	<u>3,355,371</u>
<b>Other Revenues:</b>					
Federal contracts and grants .....	1,856,477	1,708,087	1,575,608	1,543,186	1,382,748
Charges for services .....	222,669	236,986	217,621	206,420	174,228
Licenses, permits, and fees .....	107,201	91,875	92,300	87,848	83,994
Federal mineral lease .....	30,527	49,566	34,957	28,962	33,485
Federal aeronautics .....	31,026	33,386	26,859	18,737	22,762
Intergovernmental .....	7,611	35,225	80,431	42,526	72,366
Investment income .....	31,240	65,068	55,804	58,055	61,782
Miscellaneous and other .....	176,895	112,970	119,189	89,604	86,168
Total other revenues .....	<u>2,463,646</u>	<u>2,333,163</u>	<u>2,202,769</u>	<u>2,075,338</u>	<u>1,917,533</u>
Total revenues .....	6,169,497	6,213,029	5,994,222	5,531,855	5,272,904
Liquor profit transfer .....	32,541	30,253	28,659	26,959	26,297
Total revenues and liquor profit transfer .....	<u>\$ 6,202,038</u>	<u>\$ 6,243,282</u>	<u>\$ 6,022,881</u>	<u>\$ 5,558,814</u>	<u>\$ 5,299,201</u>

- (1) Beginning in fiscal year 2002, this summary includes revenues of the State's governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing GASB Statement 34. The comparability of 2002 revenue amounts to the 2001 and prior amounts is affected.
- (2) Prior to fiscal year 2002, this summary included revenues of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund and Debt Service Fund.

(Sources: Division of Finance and the 2002 CAFR.)

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**Expenditures by Function**  
All Governmental Fund Types

Function	Fiscal Year Ended June 30 (in thousands)				
	2002 (1)	2001 (2)	2000	1999	1998
Public education .....	\$ 1,998,450	\$ 1,949,959	\$ 1,824,162	\$ 1,776,912	\$ 1,676,668
Human services, health, corrections, and environmental quality .....	1,775,052	1,613,869	1,501,552	1,405,485	1,289,255
Transportation and public safety .....	999,332	998,107	999,684	1,078,923	1,126,225
Higher education .....	652,992	569,722	531,364	507,890	475,817
Employment and family services .....	321,154	286,304	285,517	302,665	285,602
General government and courts .....	287,024	256,505	248,301	249,337	230,030
Capital outlay .....	112,569	153,126	191,819	190,496	200,912
Debt service .....	175,188	158,886	158,274	153,540	131,075
Natural resources .....	121,072	104,859	97,586	90,794	88,529
Community and economic development .....	91,014	83,526	77,305	75,602	72,847
Business, labor, and agriculture .....	63,940	49,672	46,555	44,474	42,423
Leave/Postemployment benefits (3) ...	-	9,186	17,573	23,886	21,565
Total expenditures All Governmental Fund Types .....	<u>\$ 6,597,787</u>	<u>\$ 6,233,721</u>	<u>\$ 5,979,692</u>	<u>\$ 5,900,004</u>	<u>\$ 5,640,948</u>

**Changes in All Governmental Fund Types**

	Fiscal Year Ended June 30 (dollars in millions)				
	2002 (1)	2001 (2)	2000	1999	1998
Revenues .....	\$ 6,202	\$ 6,243	\$ 6,023	\$ 5,559	\$ 5,299
% change over previous year .....	-0.7%	3.7%	8.3%	4.9%	9.9%
Net other financing sources (4) .....	\$ 565	\$ 18	\$ 45	\$ 168	\$ 919
Expenditures (5) .....	\$ 6,598	\$ 6,234	\$ 5,980	\$ 5,900	\$ 5,641
% change over previous year .....	5.8%	4.2%	1.4%	4.6%	11.8%

- (1) Beginning in fiscal year 2002, this summary includes revenues of the State's governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing GASB Statement 34. The comparability of 2002 revenue/expenditure amounts to the 2001 and prior amounts is affected.
- (2) Prior to fiscal year 2002, this summary included revenues of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund and Debt Service Fund.
- (3) Beginning in fiscal year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6.
- (4) Includes bond proceeds, net of any refunding issues, transfers from non-governmental funds, plus financing provided from capital leasing.
- (5) Funding for expenditures is provided from revenues, beginning balances and bond proceeds; beginning balances are not reflected in this table.

(Sources: Division of Finance and the 2002 CAFR.)

**Fund Balances (1)**  
Fund Balances—All Governmental Fund Types

	2002 (2)	Restated 2001	2000	1999	1998
General Fund (3).....	\$ 368,025	\$ 567,810	\$ 646,959	\$ 525,268	\$ 519,700
Special Revenue Funds:					
Uniform School Fund (4) .....	182,219	242,727	287,953	186,402	230,406
Transportation Fund (5) .....	130,920	126,080	96,494	54,976	18,148
Centennial Highway Fund .....	305,357	63,933	119,056	284,862	458,853
Tobacco Endowment Fund.....	41,531	27,521	-	-	-
Consumer Education Fund (6).....	2,967	3,836	307	317	309
Sports Authority Fund .....	689	1,127	5,503	7,795	937
Rural Development Fund (6).....	11,357	8,086	505	156	-
State Capitol Fund .....	21	7	-	-	-
Environmental Reclamation Fund (7) .....	24,058	21,556	-	-	-
Crime Victim Reparation Fund (7) .....	16,558	14,169	-	-	-
Universal Telephone Services Fund (7) ...	8,895	10,473	-	-	-
Misc. Special Revenue Funds (7).....	6,847	5,895	-	-	-
Capital Projects Fund .....	305,386	128,340	77,830	89,576	91,865
Debt Service Fund .....	22,882	12,110	8,757	8,124	7,567
Total .....	<u>\$ 1,427,712</u>	<u>\$ 1,233,670</u>	<u>\$ 1,243,364</u>	<u>\$ 1,157,476</u>	<u>\$ 1,327,785</u>

- (1) Includes restricted and unrestricted fund balances.
- (2) Beginning in fiscal year 2002, this summary includes fund balances of the State's governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing GASB Statement 34. The comparability of 2002 fund balance amounts to the 2001 and prior amounts is affected. Prior to fiscal year 2002, this summary included fund balances of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund and Debt Service Fund.
- (3) The General Fund fiscal year 2001 ending fund balance was restated by (\$140.257) million because of the following changes: a) reclassification of water and housing loan funds that were previously reported as a part of the General Fund, but now are reported as proprietary funds due to the implementation of GASB 34 resulted in change of (\$286.934) million; b) additional guidance from GASB Interpretation 6 increased fund balance by \$142.447 million; and c) miscellaneous changes because of various fund reclassifications and prior period adjustments due to GASB 34, these changes amounted to an increase in fund balance of \$4.23 million.
- (4) The Uniform School Fund fiscal year 2001 ending fund balance was restated by \$23.982 million due to: a) additional guidance in GASB Interpretation 6, which increased fund balance by \$18.398 million; b) reclassification of Applied Technology Centers to a component unit resulted in a (\$4.059) million change; and c) various fund reclassifications and prior period adjustments of \$9.643 million due to GASB 34.
- (5) The Transportation Fund fiscal year 2001 ending fund balance was restated by \$30.778 million primarily because of additional guidance in GASB interpretation 6.
- (6) The Consumer Education and Rural Development Funds had ending fiscal year 2001 fund balance restatements of \$3.489 million and \$6.521 million respectively, because of fund reclassifications due to the implementation of GASB 34.
- (7) The ending fiscal year 2001 fund balances for the following funds were reclassified to special revenue funds in the following amounts because of GASB 34: a) Environmental Reclamation Fund--\$21.556 million; b) Crime Victim Reparation Fund--\$14.169 million; c) Universal Telephone Service Fund--\$10.473 million; and d) Miscellaneous Special Revenue Funds--\$5.895 million. These funds had previously been reported as trust funds or proprietary funds in the fiscal years prior to fiscal year 2002.

(Sources: Division of Finance and the 2002 CAFR.)

**General Fund**  
Revenues, Expenditures, and Fund Balances

	Fiscal Year Ended June 30 (in thousands)				
	2002 (1)	2001	2000	1999	1998
Revenues:					
Sales tax .....	\$ 1,437,339	\$ 1,441,046	\$ 1,378,949	\$ 1,324,608	\$ 1,261,290
Federal contracts and grants .....	1,341,072	1,214,201	1,127,858	1,094,490	1,037,649
Charges for services .....	192,190	181,748	164,790	159,462	144,097
Other taxes .....	172,307	194,250	216,313	128,967	175,144
Miscellaneous and other .....	114,449	74,325	85,202	44,228	47,342
Federal mineral leases .....	29,367	49,566	34,957	28,962	33,485
Investment income .....	15,333	45,468	35,600	28,966	28,638
Liquor profit (2) .....	32,541	30,253	28,659	26,959	26,297
Licenses, permits, and fees .....	17,721	16,963	16,738	16,328	14,422
Total Revenues .....	<u>\$ 3,352,319</u>	<u>\$ 3,247,820</u>	<u>\$ 3,089,066</u>	<u>\$ 2,852,970</u>	<u>\$ 2,768,364</u>
% change over previous year .....	3.2%	5.1%	8.3%	3.1%	4.0%
Expenditures .....	<u>\$ 3,412,413</u>	<u>\$ 3,088,090</u>	<u>\$ 2,902,455</u>	<u>\$ 2,794,536</u>	<u>\$ 2,591,203</u>
% change over previous year .....	10.5%	6.4%	3.9%	7.8%	3.1%
Fund Balance: (3)					
Unreserved, designated .....	\$ 146,551	\$ 187,491	\$ 158,222	\$ 109,336	\$ 138,938
Unreserved, undesignated .....	-	11,614	25,376	281	9,408
Reserved .....	221,474	508,962	463,361	415,651	371,354
Total fund balance .....	<u>\$ 368,025</u>	<u>\$ 708,067</u>	<u>\$ 646,959</u>	<u>\$ 525,268</u>	<u>\$ 519,700</u>

- (1) Due to changes in accounting standards, the comparability of the 2002 statement to 2001 and prior years' statements is affected.
- (2) Liquor profits are reported as transfers into the General Fund.
- (3) The Fund Balance is derived from revenues, expenditures, transfers, and other financing sources which are not presented in this table and the ending fund balance from the prior fiscal year.

(Sources: Division of Finance and the 2002 CAFR.)